

HCS HB 158 -- TAX INCREMENT FINANCING (Flanigan)

COMMITTEE OF ORIGIN: Committee on Economic Development

This substitute changes the laws regarding tax increment financing in areas where a majority of the property is located within an area affected by specified natural disasters. For a redevelopment plan to be eligible, the city, town, village, or county must adopt an ordinance approving the redevelopment plan within three years after the President of the United States declares the disaster. Currently, in order to qualify, a city, town, village, or county is required to find that an area is a blighted area, a conservation area, or an economic development area and would not reasonably be anticipated to be developed without tax increment financing. The substitute allows a redevelopment plan to be adopted without this finding if a majority of the property in the redevelopment area includes a portion of the city, town, village, or county directly affected by the President's request for disaster assistance.

When a redevelopment area contains a disaster area, all or a portion of the taxing district's operating costs and debt service costs from the redevelopment project may be included in redevelopment project costs to the extent that the city, town, village, or county accepts and approves the costs.

Currently, a developer is required to provide information to the tax increment financing commission to evaluate the financial feasibility of the redevelopment plan. The substitute allows the governing body of the city, town, village, or county to provide and attest to the information regarding the financial feasibility of the redevelopment plan, if the redevelopment area contains a disaster area.

Currently, the General Assembly can appropriate funds under the State Supplemental Tax Increment Financing Program to the Department of Economic Development to provide cities, towns, villages, or counties with approved projects up to 50% of the increase in state income tax revenue from new jobs in the project area or up to 50% of the incremental increase in the general revenue portion of the state sales tax. Beginning December 1, 2012, for redevelopment projects adopted or approved by ordinance that comply with these provisions, the General Assembly may appropriate funds to the newly created Missouri Supplemental Disaster Recovery Fund for the department to provide approved redevelopment projects in disaster areas up to 50% of the incremental increase in the income tax employers withhold from all employees of businesses located in the project area and the incremental increase in the general revenue portion of the state sales tax. At no time can the annual amount approved for the fund

exceed \$5 million. Particular municipalities will also be allowed to receive additional amounts from the fund if the amounts are requested by the department through appropriations. This only applies to an area in which the majority of the property is located in the portion of the disaster area directly and negatively affected by the cause of the Presidential declaration; the area has seen an average reduction of at least 25% in the assessed value of the improvements to the commercial, industrial, or residential real estate as a direct result of the events that resulted in the disaster declaration; and the area does not include a greenfield area. Any application for state disaster recovery revenues must be filed and approved no later than December 31, 2015.

The substitute changes the name of the Missouri Museum District Act to the Missouri Museum and Cultural District Act and expands the scope of museum districts to include a building or area used for promoting community culture and the arts, recreation, and knowledge including the performing arts, theater, music, entertainment, public places, libraries, and other public assets. The substitute restricts the creation of museum and cultural districts under these provisions to include areas where the majority of the property is located within a disaster area. The substitute requires property owners who own at least two-thirds of the property to file a petition to create a museum and cultural district within five years of the Presidential declaration establishing the disaster area. The museum and cultural district can include parcels of property that are not connected to each other. Legal voters who live in the proposed district will not be required to be listed on the petition to create the district, will not be required to be served a copy of the petition creating the district, and will not have statutory authority to sue to support or oppose the creation of the district. The substitute changes the number of members of the board of directors governing the district from eight to five. All of the members are to be elected at a public meeting removing the Governor's authority to appoint three of the members. The provision prohibiting the board from hiring an employee who is related to a board member within the fourth degree by blood or marriage is repealed. The General Assembly is authorized to make appropriations from general revenue to a district created under this act for a period of 20 years after January 1, 2013. In addition to a sales tax, the board is authorized to impose, upon voter approval, a fee no more than \$1 on any person or entity that offers or manages an event in the district and charges admission for the event. The substitute adds a limited partnership or a limited liability company to the entities that may contract to operate and manage any museum or cultural asset in the district.

The substitute contains an emergency clause.